

**Texas Higher Education Coordinating Board
Commissioner's Charge to the
Health-Related Institutions Formula Advisory Committee (HRIFAC)
For the FY 2020-2021 Biennium**

Background: As a part of the biennial legislative funding process in Texas, the Health-Related Institutions Formula Advisory Committee (HRIFAC) makes formal recommendations for formula funding for health-related institutions. This process is similar to other formula advisory committees for academic institutions and community colleges.

The HRIFAC will meet during the summer and fall of 2017 to discuss formula elements and make a formal recommendation in regard to funding amounts for FY 2020-21 to the Commissioner of Higher Education in December of 2017.

The current formulas for determining funding levels at health-related institutions were developed for the FY 2000-01 biennium. Starting in the FY 2006-07 biennium, the formula for Graduate Medical Education was added to fund medical residents. For the FY 2008-09 biennium, two pieces of the mission specific formula for The University of Texas M. D. Anderson Cancer Center were consolidated into one new formula, Cancer Center Operations. For the FY 2010-11 biennium, the mission specific formula for The University of Texas Health Science Center at Tyler was changed to Chest Disease Center Operations and appropriations made previously outside the formula for patient care activities were added.

The formula recommendations under discussion relate to appropriations in the bill patterns of the health-related institutions, and in the case of Graduate Medical Education for Baylor College of Medicine, funding which is appropriated to the Coordinating Board.

The key elements of each of the health-related institution formulas are summarized below.

Instruction & Operations (I & O)

The Instruction and Operations (I & O) formula is allocated on a full-time student equivalent (FTSE) basis with a funding weight predicated on the instructional program of the student. Programs with enrollments of less than 200 receive a small class size supplement of either \$20,000 or \$30,000 per FTSE depending upon the program. The small class size supplement addresses the small classes offered at the main campus and at remote satellite sites. The supplement is calculated based on a sliding scale that decreases as the enrollment approaches the 200 limit and is in addition to the base I & O formula amount.

The Legislature appropriated a base value rate of \$9,431 per FTSE for the FY 2018-19 biennium. Formula weights for each discipline, the related amount per FTSE for the small class size supplement, and the calculated funding amount for one student are provided in the following table:

Program	Formula Weight	Small Class Size Supp.	Funding Amt. for One Student
Allied Health	1.000	\$ 20,000	\$ 9,431
Health Informatics (Allied Health)	1.000	\$ 20,000	\$ 9,431
Biomedical Science	1.018	\$ 20,000	\$ 9,601
Nursing - Undergraduate	1.138	\$ 20,000	\$ 10,732
Nursing - Graduate	1.138	\$ 20,000	\$ 10,732
Pharmacy	1.670	\$ 20,000	\$ 15,749
Public Health	1.721	\$ 20,000	\$ 16,230
Dental Education	4.601	\$ 30,000	\$ 43,391
Medical Education	4.753	\$ 30,000	\$ 44,825

The I & O formula represents 77.2 percent of total I & O, Infrastructure, and Research Enhancement funding to the health-related institutions, a decrease of 0.25 percent over the prior biennium. The All Funds I & O formula funding appropriation of \$1,181.9 million represents a 0.95 percent increase in funding over the FY 2016-17 biennium, compared to a 6.5 percent increase in FTSE.

The I & O funding for FY 2018-19 represents 94 percent of the funding requested by the Committee in 2015.

Infrastructure

The Infrastructure formula provides for utilities and physical plant support. The formula is based upon the predicted square footage of the HRI space model. The space model projection is based on the following elements:

- Research - research expenditures or reported faculty FTE
- Office - faculty, staff and net E&G expenditures
- Support - % of total prediction of other factors
- Teaching - level/programs areas of credit hours
- Clinical - actual clinical space used for instruction

The FY 2008-09 HRIFAC outlined and approved the application and approval process for the inclusion of any additional sites to qualify for the multi-campus adjustment to the space projection model for health-related institutions. The Committee recommended the following criteria for qualification for a Multi-Campus Adjustment site:

- The site must be specifically authorized by Legislative actions (such as a rider or change to the statute to establish the separate site of the campus).
- The site shall not be in the same county as the parent campus.
- There may be more than one site (a recognized campus entity or branch location) in the separate location if the separate site meets all of the criteria for eligibility.
- The facilities must be in the facilities inventory report certified by the institution at the time the space projection model is calculated.
- The parent campus must demonstrate responsibility for site support and operations.
- Only the E&G square feet of the facilities are included in the calculation of the space projection model.

The Infrastructure rate per predicted square foot appropriated for all Health Related Institutions for FY 2018-19 is \$6.11.

The Infrastructure formula represents 17.5 percent of total I & O, Infrastructure, and Research Enhancement funding to the health-related institutions, a decrease of 0.08 percent over the prior biennium. The FY 2018-19 total formula funding appropriation of \$267.6 million represents a 0.81 percent increase from the FY 2016-17 biennium, compared to an 8.3 percent increase in predicted square feet.

The Infrastructure funding for FY 2018-18 represents 90 percent of the funding requested by the Committee in 2015.

Research Enhancement

Health-related institutions generate state appropriations to support research from the Research Enhancement formula. The Research Enhancement formula provides a base amount of \$1,412,500 for all institutions regardless of research volume. To the base amount each institution receives an additional 1.23 percent of its research expenditures as reported to the Coordinating Board.

The Research Enhancement formula represents 5.3 percent of total I & O, Infrastructure, and Research Enhancement funding to the HRIs, an increase of 0.33 percent over the prior biennium. The FY 2018-19 total formula funding appropriation of \$80.6 million represents an 8.14 percent increase over the amounts for the FY 2016-17 biennium, compared to a 7.01 percent increase in research expenditures.

The Research Enhancement funding for FY 2018-19 represents 96 percent of the funding requested by the Committee in 2015.

Mission Specific

Mission specific formulas provide instruction and operations support funding for The University of Texas M. D. Anderson Cancer Center and The University of Texas Health Science Center at Tyler. Total funding for the FY 2018-19 biennium is as follows:

- The Cancer Center's total formula funding appropriations are \$264.8 million, unchanged from the FY 2016-17 biennium.
- The Health Science Center's total formula funding appropriations are \$58.4 million, unchanged from the FY 2016-17 biennium.

Mission Specific funding for FY 2018-19 represents 93 percent of the funding requested by the Committee in 2015.

Graduate Medical Education

The formula for bill pattern Graduate Medical Education began with the FY 2006-07 biennium. Graduate Medical Education formula funds provide support for qualified Accreditation Council for Graduate Medical Education (ACGME) and American Osteopathic Association (AOA) medical residents trained by state health-related institutions in Texas. Residents at the Baylor College of Medicine are funded at the same rate as other institutions through an appropriation to the Coordinating Board to be distributed to Baylor.

For the FY 2018-19 biennium, a total of \$74.7 million was appropriated for Graduate Medical Education for public institutions, an increase of 6.36 percent over FY 2016-17, compared to a 12.9 percent increase in residents. Appropriations provide \$5,824 per resident per year.

The GME formula funding for FY 2018-19 represents 80 percent of the funding requested by the Committee in 2015. Additional GME Expansion funding of \$48.5 million was trusteeed to the Coordinating Board for FY 2018-19.

Commissioner's Charges

Similar to the other formula advisory committees, the HRIFAC is asked to conduct an open, public process, providing opportunities for all interested persons, institutions, or organizations that desire to provide input on formula funding issues to do so. At the end of this process, the HRIFAC should provide the Commissioner with a written report of the Committee's recommendations by December 15, 2017, on the following specific charges:

1. Study and make recommendations for the appropriate funding levels for the instruction and operation (I&O), infrastructure, research enhancement, graduate medical education, and mission specific formulas. (General Appropriations Act, SB 1, 85th Texas Legislature, Section 27.8, page III-250)
2. Study and make recommendations for the appropriate I&O formula weights.
3. Study and make recommendations for the inclusion and weight of specialty programs in the I&O formula.